

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 FEA-01 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05  
L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05  
SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02  
OMB-01 /088 W

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R 011940Z JUL 77  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC 5099  
INFO ALL OECD CAPITALS

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USMTN

USEEC

E.O. 11652: N/A  
TAGS: ETRD, ECIN, BEXP, GATT, FR  
SUBJECT: FRENCH MANUFACTURERS ASSOCIATION CALLS FOR  
SUSPENSION OF MTN AND CREATION OF FRENCH AGENCY SIMILAR  
TO USITC

1. IN PRESS CONFERENCE JUNE 30, PRESIDENT CEYRAC AND  
VICE PRESIDENT FERRY OF THE HIGHLY INFLUENTIAL FRENCH  
CENTRAL ASSOCIATION OF MANUFACTURERS (CNPF AKA PATRONAT)  
CALLED FOR A FOUR-POINT GOF PROGRAM "TO PRESERVE THE  
FREEDOM OF INTERNATIONAL TRADE." FROM THE CONTEXT OF  
THE PROGRAM AS IT EMERGED THIS PHRASE IS CLEARLY A  
EUPHEMISM FOR "TO PORTECT FRENCH INDUSTRY FROM LOW-COST  
FOREIGN COMPETITION."

2. AFTER BACKGROUND STATEMENT STRESSING CNPF ABHORRENCE  
OF PROTECTIONISM, BUT POINTING TO THE RAPIDLY GROWING  
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PENETRATION OF THE FRENCH MARKET BY TRADING PARTNERS WITH  
LOW COST LABOR AND RAW MATERIALS WHO ARE INCREASINGLY  
VIOLATING GATT RULES OF FREE COMPETITION, CEYRAC MADE  
THE FOLLOWING PROPOSALS FOR GOF CONSIDERATION:

-- INSIST THAT THE EEC APPLY RAPIDLY AND FIRMLY  
THE SAFEGUARDS AT THEIR DISPOSAL TO PROTECT "VITAL

INDUSTRIAL INTERESTS."

-- ESTABLISH UNDER THE PRIME MINISTER AN INTER-MINISTERIAL COMMITTEE WHICH, AT THE REQUEST OF INTERESTED TRADE ASSOCIATIONS, WOULD DECIDE WITHOUT DELAY ON SAFE-GUARD MEASURES TO BE TAKE, (PRESUMABLY UNILATERAL ONES).

-- "PROVISIONALLY SUSPEND" CURRENT MULTILATERAL NEGOTIATIONS TO FURTHER REDUCE TARIFF AND NON-TARIFF BARRIERS SINCE THESE CAN ONLY REINFORCE "COMMERCIAL AGGRESSION" AMONG COUNTRIES.

-- PROPOSE TO THE GATT CP'S A NEW INTERNATIONAL CONFERENCE AIMED, INTER ALIA, AT THE FOLLOWING OBJECTIVES:  
(1) TO ORGANIZE A MORE BALANCED INTERNATIONAL TRADE TAKING INTO ACCOUNT THE INDUSTRIALIZATION OF THE LDC'S, (2) APPLY INTERNATIONAL "CODES OF GOOD CONDUCT," AND (3) HARMONIZE, IN CERTAIN SECTORS, THE POLICIES ON GROWTH, EMPLOYMENT AND INVESTMENT IN THE VARIOUS COUNTRIES.

3. CEYRAC'S FORMAL STATEMENT ENDED WITH RENEWED PROTESTATIONS OF "PROFOUND ATTACHMENT" TO FREE TRADE AND THE EUROPEAN COMMUNITIES.

4. THE BACKUP DATA ON MARKET PENETRATION FROM IMPORTS  
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TABLED DURING THE PRESS CONFERENCE COVERED THE FOLLOWING INDUSTRIES (AVERAGE MARKET PENETRATION IN 1976 IN PARENTHESES):

TEXTILES (40)

SHOES (36.7)

TOYS (36.5)

WATCHES (36.4)

BOOKS (31.2)

ELECTRICAL AND ELECTRONIC EQUIPMENT (31.4)

PAPER AND BOARD (29)

FURNITURE (22.9)

CERAMICS (45)

LEATHER (30)

PLASTIC PRODUCTS (20.2)

MECHANICAL AND METAL-WORKING EQUIPMENT AND PRODUCTS(43)

5. EMBASSY COMMENT: THUS FAR THE CNPF STATEMENT IS  
OSTENSIBLY NO MORE THAN AN EXPRESSION OF THE DESIRES OF  
THE CNPF COUNCIL, WHICH SPEAKS PRIMARILY FOR BIG BUSINESS  
IN FRANCE. OUR GOF CONTACTS APPEAR TO  
HAVE BEEN TAKEN BY SURPRISE BY THE CNPF VOLTE FACE AND ARE  
NOW EXAMINING IT IN GREATER DETAIL. WE PLAN TO REPORT  
FURTHER ON GOF AND POLITICAL PARTY REACTIONS, IF ANY,  
NEXT WEEK.

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YM THE BACKUP DATA ALSO LISTED SEVERAL COMPARATIVE PRICE  
"ANOMALIES" AS BETWEEN FRANCE AND HER TRADING PARTNERS,  
NONE OF WHICH INVOLVED THE US. THE US WAS MENTIONED IN  
SEVERAL PLACES, HOWEVER, IN A BACKUP PAPER WHICH SPELLED  
OUT THE CNPF RATIONALE FOR ITS PROPOSALS IN GREATER  
DETAIL. ONE PASSAGE NOTED, FOR EXAMPLE, THAT "THE US IS  
BLESSSED WITH A TRADE ACT WHICH PROVIDES PERFECT PROTECTION,  
PERMITTING THE GATT RULES TO BE IGNORED WHERE THEIR  
VITAL INTERESTS ARE AFFECTED." A LATER PASSAGE WAS A  
BIT KINDER - "THE US SHOWS - DESPITE OCCASIONAL ABUSES -  
WHAT CAN BE DONE WITH AN OPEN TRADE POLICY WHICH IS  
NEVERTHELESS ATTENPVE TO FUNDAMENTAL NATIONAL INTERESTS.

7. SINCE FRANCE HAS NO COHERENT TRADE ADJUSTMENT ASSIS-  
TANCE PROGRAM, IT IS LOGICAL TO ASSUME THAT THE PROPOSED  
INTERMINISTERIAL SAFEGUARD COMMITTEE WOULD NECESSARILY  
FOCUS MORE ON MEASURES OF PROTECTION TO THREATENED IN-  
DUSTRIES THAN (AS IN THE CASE OF THE USITC) ON NON-PRO-  
TECTIONIST ALTERNATIVES.

8. SO MUCH FOR "LIBERTE, EGALITE, FRATERNITE."  
GAMMON

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NNN

## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**Disposition Date:** 22 May 2009  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
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**TAGS:** ETRD, ECIN, BEXP, FR, GATT  
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**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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